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KASB CAPITAL PROTECTED GOLD FUND

FUND INFORMATION

Management Company

KASB Funds Limited

Registered Office:

9th Floor, Trade Centre, I.I. Chundrigar
Road, Karachi-74200, Pakistan

Principal Office

5th Floor, Trade Centre, I.I. Chundrigar
Road, Karachi-74200, Pakistan

UAN: (92-21) 111 535 535

Fax: (92-21) 3263 9188

URL: www.kasbfunds.com

Board of Directors of KASB Funds Limited

Mr. Robert John Richard Owen - Chairman

Mr. Amer Maqbool - Chief Executive

Mr. Qaiser P. Mufti

Mr. Syed Muhammad Rehmanullah

Mr. Muzaffar Ali Shah Bukhari

Chief Financial Officer

Mr. Muhammad Imran Khalil

Company Secretary

Mr. Mansoor Ali

Audit Committee

Mr. Robert John Richard Owen

Mr. Syed Muhammad Rehmanullah

Mr. Qaiser P. Mufti

Trustee

Central Depository Company of Pakistan
Limited, CDC House, 99-B, Block 'B',
SMCHS, Main Shahra-e-Faisal, Karachi.

Fund Rating

AA(cpt) by JCR-VIS

Bankers to the Fund

Standard Chartered Bank (Pakistan) Limited

Habib Metropolitan Bank Limited

Auditors

KPMG Taseer Hadi & Co. - Chartered

Accountants, First Floor, Shiekh Sultan Trust

Building No. 2, Beaumont Road,

P.O. Box 8517, Karachi.

Legal Advisor

Bawaney & Partners

Room No. 404, 4th Floor, Beaumont Plaza,

6-cl-10, Beaumont Road, Civil Lines,

Karachi-75530

Registrar

KASB Funds Limited

5th Floor, Trade Centre, I.I. Chundrigar

Road, Karachi-74200, Pakistan

Distributors

KASB Funds Limited

KASB Bank Limited

KASB Securities Limited

BMA Financial Services Limited

Vector Consultant

Standard Chartered Bank (Pakistan) Limited

Management Company Rating

Rated AM3 by JCR-VIS

MISSION STATEMENT

KASB Capital Protected Gold Fund (KCPGF) is an open-ended fund that aims to protect investors' capital at maturity through the investment structure by placing a significant percentage of the Fund as term deposit (s) with Scheduled Commercial Bank(s) or Development Finance Institutions (DFIs) having a minimum long term rating of 'AA-' assigned by credit rating agency registered with the Commission. Remaining funds are utilized to gain exposure to Gold through the Commodity Exchange listed gold contracts in Pakistan Rupees providing higher return possibilities.

KASB CAPITAL PROTECTED GOLD FUND

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the year ended June 30, 2011

The Board of Directors of KASB Funds Limited (KFL), the Management Company of KASB Capital Protected Gold Fund (KCPGF, the Fund), is pleased to present the second Annual Report, together with the audited financial statements of the Fund for the year ended June 30, 2011.

Financial Highlights

	FY 2011	FY 2010	Increase / (Decrease) (%)
Net Income (Rs. in Million)	41.92	14.06	198.15
Net Assets as at June 30 (Rs. in Million)	502.50	474.03	6.01
NAV per Unit as on June 30 (Rs.) *	109.49	103.10	6.20
Annualised yield (%)	9.27	3.10	199.03

* Par value of each unit is Rs. 100.

Economic Environment

Due to the floods impact during early months of the fiscal year 2011 coupled with persistent structural problems, the fiscal year 2011 ended with the GDP growth of just ~2.4% against initial target of 4.5%. The economy remained under continuous pressure in the form of power crisis, persistent inflation, lower tax to GDP ratio, circular debt and unmanageable fiscal deficit. The macroeconomic picture depicted improvements on some fronts such as significant decline in current account deficit which declined by 114% YoY and currently stands at USD 542mn surplus at the end of June 2011. The main reasons behind this improvement are (1) the strong export earnings (rise in international cotton prices) which increased by ~29% and (2) ~26% growth of workers' remittances during FY11.

Although lower than expected but still higher, the headline inflation remained a hindrance in the economy's growth. The average inflation for full year stands at 13.92% against 11.7% last year. Going forward, the inflation is expected to ease off in the second quarter of FY12 mainly due to higher base effect. The ease in inflation may convince the central bank to ease off the policy rate but government growing demand of borrowing to finance its fiscal deficit will remain a key hurdle.

Furthermore, the FY12 budget proposal was announced during the month with higher revenue target and cuts in subsidies. Although, the targets set in the budget proposal are quite ambitious in terms of economy growth, revenue generation, containment in fiscal deficit etc, but these are essential measures at this point in time and meeting these targets will ease off the pressure from the economy. Also, the satisfactory expenditure containment and revenue collection measures would help in resuming the SBA program of IMF.

Capital & Commodities Market

The global economy is increasingly becoming fragile as the persistent threats facing it are far from over. Governments and central banks are too preoccupied with containing the debt contagion plaguing the leading economic powerhouses, and concerted efforts to spur global economic growth have met little success. Risks to the global economy are stubbornly persistent but are specific to each region nonetheless. Countries facing debt problems have been on the rise in the Eurozone, and even leading economies of the region, like Spain and Italy are increasingly becoming likely to join the likes of Greece, Ireland and Portugal in filing for bailout packages. The European Central Bank is trying to attain a fine balance between controlling inflation, and simultaneously conducting monetary easing vis-à-vis buying sovereign debt of the distressed Eurozone economies.

Further west, the US just managed to timely increase its debt ceiling after exhaustive rounds of political brinkmanship; non-increase of the debt ceiling would have resulted in default on part of the world's largest economy, thereby wrecking havoc with the global financial system. Nonetheless, rating agency Standard & Poor's striped US of its prized AAA rating and downgraded its sovereign rating by one notch to AA+, citing insufficient measures announced by the US administration to reduce its fiscal deficit and stabilize its medium term debt dynamics. That roiled equity markets world over and erased about \$ 7.8 trillion worth of investor money, and in the process helped gold attain its all time high of \$1,815/oz on 10th August 2011. On the economic front, weaker than expected data pertaining to construction, manufacturing, job creation and retail sales suggests that the revival of the economy is stalling, and that a further round of money printing, commonly known as quantitative easing, might be on the cards. This bodes well for gold, as increased uncertainty reduces investor risk appetite and bolsters the safe-haven appeal of the metal.

On the eastern front, Japan is struggling to recover from the after affects of the earthquake and tsunami that destroyed a vast area of its industrial zones. China, a case apart from the global leaders, is facing strong inflation and is threatened by a perceived slackness in its exports owing to a slow down in Europe and US, its major customers.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the year ended June 30, 2011

Gold continued on its upward momentum and closed the year at USD 1,432/oz. The rally, which has seen gold appreciate by 23.67% during the review period has been mostly due to constant negative news coming out of the Eurozone, the US and due to political turmoil in the MENA region, making investors jittery over sovereign debt and causing them to focus on the safe haven notion of gold.

While the benchmark (80% Term Deposit rates of AA- and above rated scheduled banks + 20% daily average of closing Pakistan Rupee gold prices at the Commodity Exchange) of the Fund posted a return of 13.42% for the year under review, the Fund recorded a return of 9.27%.

Investment Strategy

KCPGF was launched on March 19, 2010 and is an open-end fund that aims to protect investors' capital at maturity through the investment structure by placing a significant percentage of the Fund as term deposit (s) with Scheduled Commercial Bank(s) or Development Finance Institutions (DFIs) having a minimum long term rating of 'AA-'. 81% of the fund size has been placed with Habib Metropolitan Bank Limited. Remaining funds are utilized to gain exposure to Gold through the Commodity Exchange listed gold contracts in Pakistan Rupees providing higher return possibilities.

Fund Performance

For the year ended June 30, 2011, the Fund earned a net income of Rs. 41.92 million and the total net assets of the fund stood at Rs. 502.50 mln at the end of the year translating into a NAV per unit of Rs. 109.49 (Par Rs. 100).

Income Distribution

The Board of Directors of KASB Funds Limited approved a bonus distribution of Rs. 9.25 per unit to the unit holders of the Fund for the year ended June 30, 2011 which is equivalent to 9.25% of the par value of Rs. 100.

As the Fund has distributed among the unit holders not less than ninety per cent of its accounting income for the period ended June 30, 2011, as reduced by capital gains whether realized or unrealized, therefore, its income will not be subject to income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

Sale and redemption of units

Since the Fund has Capital protection feature and the Fund has closed its counter to accept new investments during the year from July 01, 2010 to June 30, 2011. During the year, units worth Rs. 14.65 million were redeemed. As on June 30, 2011, the total number of outstanding units was 4,589,526 with a value of Rs. 502.50 million.

Code of Corporate Governance

The Board of Directors states that:

- a) The Financial Statements prepared by the Management Company, present fairly the state of affairs of the Fund and results of its operations, cash flows and movement in unit holder's fund.
- b) Proper books of accounts of the Fund have been maintained.
- c) Appropriate accounting policies have been adopted for preparation of financial statements of the Fund and accounting estimates are based on reasonable and prudent judgments.
- d) Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed in the preparation of the financial statements of the Fund. Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Regulations 2008 and the said directives shall prevail.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts about the Fund's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements;

KASB CAPITAL PROTECTED GOLD FUND

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the year ended June 30, 2011

- i) Key operating and financial data is enclosed.
- j) The statement as to the value of investment of provident fund is not applicable in the case of Fund as those expenses are borne by the Management Company.
- k) The detailed pattern of unit holding, as required by the code of corporate governance is enclosed.

As detailed in note no. 1 of these financial statements KASB Funds Limited has acquired Crosby Asset Management (Pakistan) Limited with effect from July 20, 2011

Meetings of the Directors

Statement showing attendance of the directors in the meetings of the Board of Directors for the year ended June 30, 2011 is disclosed in note 23.3 of the financial statements.

Nil trades in the units of the Fund carried out by the Directors, CEO, Company Secretary & CFO, and their spouses and minor children, of the Management Company.

Pattern of Holding

The pattern of holdings (units) presents a diversified investor base. As on June 30, 2011, Individuals held 57.15% out of the total units; Associated Companies and Directors held 18.11% units and Retirement Funds held 24.74% units. Detailed pattern is also annexed.

Future Outlook

The government has announced tax collection target of Rs 1,952 bln and the targeted fiscal deficit is 4.0% of GDP. In this regard, the government has taken initiatives to increase its tax collection but still appears to be a long way to reach there. Going forward, the foreign inflows will remain a key element for the economy's growth which will impact domestic liquidity, exchange rate stability and stable BoP (Balance of Payment) position.

One of the major hurdles in the economy's growth is the inflation which remained 13.94% during FY11. The inflation is expected to remain higher 1QFY12 due to Ramadan effect but going forward, it is expected to ease off during 2QFY12 and onward due to higher base effect. On the other hand the govt borrowing from SBP also remained at September 2010 level which is a very good sign. Therefore, there lies a strong probability that the central bank may be convinced to reduce the policy rate going forward which will help in the economy's growth.

Continued flight of capital from global equities, distressed European sovereign bonds and other riskier investment classes into the safe haven appeal of gold is expected to push gold higher into uncharted territories. The dollar is also expected to remain under pressure over concerns of the US burgeoning trade deficit and an expected slump in its economy revival. Further, seasonal physical buying looks set to pick up, as the post monsoon wedding season commences in India, thus increasing demand for bullion.

Auditors

The Audit Committee of the Board of Directors recommended the re-appointment of M/s KPMG Taseer Hadi & Co. - Chartered Accountants as auditors of KASB Capital Protected Gold Fund for the financial year ending June 30, 2012. The Board has approved the appointment.

Acknowledgement

The Board of Directors of the Management Company thanks the Fund's valued investors, the Securities and Exchange Commission of Pakistan, The State Bank of Pakistan, Central Depository Company of Pakistan Limited (the Trustee) for their confidence, continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board

September 15, 2011
Karachi

Amer Maq
Chief Executive

KASB CAPITAL PROTECTED GOLD FUND

DETAILS OF PATTERN OF HOLDING (UNITS)

As at June 30, 2011

	Units held	
	Numbers	Percentage
Associated Companies		
KASB Bank Limited	730,948	15.93
KASB Bank Limited Employees' Provident Fund	99,655	2.17
KASB Funds Limited	687	0.01
Individuals	2,622,660	57.15
Retirement Funds	1,135,576	24.74
	4,589,526	100.00

KASB CAPITALPROTECTED GOLD FUND

PERFORMANCE TABLE

	2011	2010
Total net asset value as at June 30 (Rs. '000)	502,502	474,027
Net asset value per unit as at June 30 (Rs.)	109.49	103.10
Selling price for units as at June 30 (Rs.)	Not Applicable	Not Applicable
Repurchase price for units as at June 30 (Rs.)	104.01	97.94
Final dividend distribution per unit (Rs.)	9.25	2.90
Date of final distribution	July 4, 2011	July 3, 2010
Highest selling price per unit (Rs.)	Not Applicable	103.25
Lowest selling price per unit (Rs.)	Not Applicable	100.00
Highest repurchase price per unit (Rs.)	104.26	98.19
Lowest repurchase price per unit (Rs.)	94.92	95.01
Annualized return (%)	9.27	3.10

Return since inception is 12.66%

Launch date of the Fund is March 19, 2010

Disclaimer:

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

ANNUAL FUND MANAGERS' REPORT

1. Type & Category of Fund
Capital Protected

2. Inception Date
March 19, 2010

3. Investment objective
The Fund aims to protect investors' capital at maturity through the investment structure by placing a significant percentage of the Fund as term deposit (s) with Scheduled Commercial Bank(s) or Development Finance Institutions (DFIs) having a minimum long-term rating of 'AA?', assigned by a credit rating agency registered with the Commission. Remaining funds are utilized to gain exposure to Gold through the National Commodity Exchange listed gold contracts providing higher return possibilities.

4. Accomplishment of objective
The fund is achieving its objective of capital protection by investing in TDRs with a Commercial Bank having AA+ rating, while simultaneously obtaining returns by gaining exposure to bullion through listed contracts.

5. Benchmark
80% TDR of AA and above rated Scheduled Banks for same maturity as the Capital Protected portion of the fund at inception + 20% daily average of closing Pakistan rupee Gold prices at the Commodity Exchange

6. Performance Return	KCPGF Return	Benchmark Return
Since inception	12.66%	18.76%
For June 11	0.28%	0.33%

7. Strategies and policies employed during the period
The fund invested a maximum of 80.81% and a minimum of 74.84% in TDRs. The Fund invested in bullion contracts in line with global outlook on the commodity.

8. Weighted Asset Allocation	June 30, 2011	June 30, 2010
Asset Allocation		
TDRs	74.84%	80.82%
Gold	9.03%	11.27%
Cash	3.73%	4.05%
Others/ Payables	12.40%	3.87%

9. Significant changes in asset allocation during the period
Asset allocation of the Fund changes dynamically as per global gold market outlook. There has been no significant change in the asset allocation of the Fund since inception.

10. Fund Performance
KCPGF has earned a return of 12.66% inception against the benchmark return of 18.76%. The AUM of the fund stood at PKR 503 million (NAV per unit: Rs 109.49) on June 30, 2011.

ANNUAL FUND MANAGERS' REPORT

11. Review of the market(s) invested in during the period

Due to the floods impact during early months of the fiscal year 2011 coupled with persistent structural problems, the year ended with the GDP growth of just ~2.4% against initial target of 4.5%. The economy remained under continuous pressure in the form of power crisis, persistent inflation, lower tax to GDP ratio, circular debt and unmanageable fiscal deficit. The macroeconomic picture depicted improvements on some fronts such as significant decline in current account deficit which declined by 106% YoY and currently stands at USD 205mn surplus at the end of May 2011. The main reasons behind this improvement are (1) the strong export earnings (rise in international cotton prices) which increased by ~27% and (2) ~25% growth of workers' remittances during 11MFY11.

Although lower than expected but still higher, the headline inflation remained a hindrance in the economy's growth. The average inflation for full year stands at 13.92% against 11.7% last year. Going forward, the inflation is expected to ease off in the second quarter of FY12 mainly due to higher base effect. The ease in inflation may convince the central bank to ease off the policy rate but government's growing demand of borrowing to finance its fiscal deficit will remain a key hurdle.

International Gold prices as on period end (June 30th) were quoted at USD1,500 per ounce corresponding to a local prices of Rs. 41,506 per 10 grams. Gold prices have steadily risen since the launch of the Fund as global safe haven buying on continuous negative news coming out of the US and Eurozone is taking gold prices to newer highs. As the prospects of paper currency losing its value and fears of double dip recession in the West is weighing on global stock markets, steady flow of capital is being witnessed in gold, as it is rapidly becoming "the asset of choice". Furthermore growing prosperity in India and China is fuelling investment and jewelry demand for the metal, as both countries now cumulatively account for more than half of the global demand.

12. Fund performance by market(s) and by instruments

For details, please refer to the full yearly accounts.

13. Distribution

No distributions were made during the year.

14. Significant changes in the state of affairs

There have been no significant changes in the state of affairs since the inception of the fund.

15. Breakdown of unit holdings by size

Breakdown of unit holdings by size is same as in the director's report.

16. Unit Splits

There were no unit splits during the period.

17. Circumstances materially affecting the interests of the unit holders

Any significant change in market rates of gold contracts and any significant change in the credit profile of the counterparties can materially affect the interests of unit holders.

18. Soft Commission

The management company received soft commission from the brokers in the form of research reports mostly received in soft form.

TRUSTEE REPORT TO THE UNIT HOLDERS OF KASB CAPITAL PROTECTED GOLD FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The KASB Capital Protected Gold Fund (the Fund), an open-end scheme was established under a trust deed dated September 01, 2009, executed between KASB Funds Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited
Karachi, October 28, 2011

KASB CAPITAL PROTECTED GOLD FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2011

This Statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Regulation No. 35 of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited ("KSE" or "the Stock Exchange"). The purpose of the Code is to establish a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

As detailed in note no. 1 of these financial statements KASB Funds Limited has acquired Crosby Asset Management (Pakistan) Limited with effect from July 20, 2011.

KASB Funds Limited ("the Company" or "the Management Company"), which is an Unlisted Public Limited Company, is the Management Company of KASB Capital Protected Gold Fund ("the Fund"). The Fund being an open-end scheme doesn't have its own Board of Directors ("the Board"). The Management Company, which manages the affairs of the Fund, has applied the principals contained in the Code to the Fund, whose Units are listed on the Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. All the directors except the Chief Executive Officer (CEO) are non-executive directors and none of the directors represent minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies in Pakistan, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. On January 17, 2011, Mr. Masood Karim Sheikh resigned from the Board of the Management Company. Mr. Qaisar P. Mufti was appointed in his place to duly fill the vacancy.
5. The Management Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by the all the directors and employees of the Management Company.
6. The Board has developed a vision/mission statement and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman of the Board. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. An orientation course was conducted during the year in a meeting of the Board to apprise them of their duties and responsibilities.
10. During the year, there was a change of the Company Secretary and the Internal Auditors; however, there was no change of Chief Financial Officer.
11. The directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit-holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code as applicable to the Fund.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of the quarterly, half-yearly and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been formulated and approved by the Board and advised to the Committee for compliance.
17. Mr. Adnan Akhtar Mannan, appointed as the Internal Auditor of the Management Company in place of Ms. Saman Hasan Qadri on August 27, 2010, resigned on May 31, 2011. The Management Company is in the process of appointment of the Internal Auditor to be involved in the Internal Audit function on a full time basis.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold Units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors of the Fund or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The related party transactions have been placed before the Audit Committee and approved by the Board with necessary justification for non arm's length transactions (if any) and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
21. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

September 15, 2011
Karachi

Amer Maq
Chief Executive

KASB CAPITAL PROTECTED GOLD FUND

REVIEW REPORT TO THE UNIT HOLDERS OF KASB CAPITAL PROTECTED GOLD FUND "THE FUND" ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of KASB Funds Limited, "the Management Company" of the Fund to comply with the Listing Regulations of Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all the controls and the effectiveness of such internal controls.

Further, sub-regulation (xiii-a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2011.

Date: 15 September 2011

Karachi

KPMG Taseer Hundi &
Chartered Accountants
Moneeza Usman Butt

KASB CAPITAL PROTECTED GOLD FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

For the year ended June 30, 2011

We have audited the accompanying financial statements of KASB Capital Protected Gold Fund ("the Fund"), which comprise of the statement of assets and liabilities as at 30 June 2011, and the income statement, distribution statement, statement of movement in Unit Holders' Fund, cash flow statement for the year ended 30 June 2011 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the approved accounting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2011, and of its financial performance, its cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of Matter

We draw attention to note 14 to the financial statements relating to provision for Workers' Welfare Fund (WWF) which refers to the pending outcome of the litigation regarding contribution to WWF in Honourable Sind High Court. In view of the matter more fully discussed in the above note, provision against WWF amounting to Rs. 0.48 million is not being maintained by the Fund. Our opinion is not qualified in respect of this matter.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: 15 September 2011

Karachi

KPMG Taseer Hadi &
Chartered Accountants
Moneeza Usman Butt

KASB CAPITAL PROTECTED GOLD FUND

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2011

	Note	2011	2010
----- (Rupees in '000) -----			
ASSETS			
<i>Capital Protection Segment</i>			
Term deposit receipts	4	383,100	383,100
Income receivable - term deposit receipts		56,484	11,469
		439,584	394,569
<i>Investment Segment</i>			
Balances with banks	5	65,325	72,599
Investments	6	(807)	(102)
Income receivable - bank and other deposits		571	618
Deposits		6,450	9,832
		71,539	82,947
Preliminary expenses and floatation costs	7	738	1,764
Total assets		511,861	479,280
LIABILITIES			
Payable to KASB Funds Limited - Management Company	8	48	2,734
Payable to Central Depository Company of Pakistan Limited - Trustee	9	57	58
Payable to The Securities and Exchange Commission of Pakistan	10	365	118
Accrued expenses and other liabilities	11	8,889	2,343
Total liabilities		9,359	5,253
Net assets		502,502	474,027
Unit holders' funds		502,502	474,027
		(Number of units)	
Number of units in issue	12	4,589,526	4,597,901
		(Rupees)	
Net asset value per unit		109.49	103.10
Commitments	16		

The annexed notes 1 to 25 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

KASB CAPITAL PROTECTED GOLD FUND

INCOME STATEMENT

For the year ended June 30, 2011

For the period
from November 2,
2009 to June 30,

	2011	2010
	----- (Rupees in '000) -----	
INCOME		
Income from term deposit receipts - capital protection segment	45,014	11,469
Profit on bank and other deposits	7,611	3,389
Capital gain on sale of investments	8,769	4,779
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss'	6 (807)	(102)
Total Income	60,587	19,535
EXPENSES		
Remuneration of KASB Funds Limited - Management Company	8.1 8,519	2,298
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9 700	198
Annual fee - The Securities and Exchange Commission of Pakistan	10 365	98
Transaction costs on securities	221	52
Settlement and bank charges	182	44
Legal and professional charges	53	40
Fees and subscription	300	180
Auditors' remuneration	13 432	246
Amortization of preliminary expenses and floatation costs	1,026	289
Provision for Workers Welfare Fund	14 364	281
Provision for Zakat	5,908	1,667
Printing and other expenses	130	82
Total expenses	18,200	5,475
	42,387	14,060
Net realised element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(471)	(1)
Net income for the year / period	41,916	14,059
Earnings per unit	15	

The annexed notes 1 to 25 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

**KASB CAPITAL PROTECTED
GOLD FUND**

DISTRIBUTION STATEMENT

For the year ended June 30, 2011

For the period
from November 2,
2009 to June 30,

2011 **2010**
----- (Rupees in '000) -----

Undistributed income brought forward		
- Realised gains	14,161	-
- Unrealised losses	(102)	-
	<u>14,059</u>	<u>-</u>
 Net income for the year / period	 41,916	 14,059
 Final distribution at the rate of Rs. 2.90 per unit for the period ended June 30, 2010 - Bonus distribution	 (13,334)	 -
 Undistributed income carried forward	 <u>42,641</u>	 <u>14,059</u>
 Undistributed income carried forward		
- Realised gains	43,448	14,161
- Unrealised losses	(807)	(102)
	<u>42,641</u>	<u>14,059</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

KASB CAPITALPROTECTED GOLD FUND

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For the year ended June 30, 2011

For the period
from November 2,
2009 to June 30,

2011

2010

Note

----- (Rupees in '000) -----

	474,027	-
Net assets at beginning of the year / period		
Issue of Nil units (4,632,902 units for the period from November 2, 2009 to June 30, 2010)	-	463,336
Issue of 133,073 bonus units (Nil bonus units for the period from November 2, 2009 to June 30, 2010)	13,334	-
Redemption of 141,447 units (35,001 units for the period from November 2, 2009 to June 30, 2010)	(14,645)	(3,546)
	(1,311)	459,790
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed:		
- amount representing accrued (income) / loss and realised capital (gains) / losses - transferred to the Income Statement	471	1
Distribution during the year:		
- Issue of bonus units	(13,334)	-
Net income for the year / period (excluding unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss' and capital gains)	33,954	9,382
Capital gain on sale of investments	8,769	4,779
Net unrealised diminution in fair value of investments classified as 'at fair value through profit or loss'	(807)	(102)
Net income for the year / period (including unrealized appreciation in fair value of investments classified as 'at fair value through profit or loss' and capital gains)	41,916	14,059
Transferred to the special reserve account	733	177
Net assets at end of the year / period	<u>502,502</u>	<u>474,027</u>
	(Rupees)	
Net asset value per unit as at beginning of the year / period	<u>103.10</u>	<u>100.00</u>
Net asset value per unit as at end of the year / period	<u>109.49</u>	<u>103.10</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

**KASB CAPITAL PROTECTED
GOLD FUND**

CASH FLOW STATEMENT

For the year ended June 30, 2011

For the period
from November 2,
2009 to June 30,

2011 **2010**
----- (Rupees in '000) -----

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the year / period

41,916

14,059

Adjustments for:

Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss'

807

102

Net realised element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed

471

1

Amortization of preliminary expenses and floatation costs

1,026

289

44,220

14,451

(Increase) / decrease in assets

Preliminary expenses and floatation costs

-

(2,053)

Term deposit receipts with maturity of more than three months

-

(383,100)

Investments - net

(102)

-

Income receivable- bank and other deposits

(44,968)

(12,087)

Deposits

3,382

(9,832)

(41,688)

(407,072)

Increase / (decrease) in liabilities

Payable to KASB Funds Limited - Management Company

(2,686)

2,734

Payable to Central Depository Company of Pakistan Limited - Trustee

(1)

58

Payable to Securities and Exchange Commission of Pakistan

247

118

Accrued expenses and other liabilities

6,546

2,343

4,106

5,253

Net cash generated from / (used in) operating activities

6,638

(387,368)

CASH FLOWS FROM FINANCING ACTIVITIES

Net (payments) / receipts from sale and redemption of units

(13,912)

459,967

Net (decrease) / increase in cash and cash equivalents during the year / period

(7,274)

72,599

Cash and cash equivalents at beginning of the year / period

72,599

-

Cash and cash equivalents at end of the year / period

65,325

72,599

The annexed notes 1 to 25 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

KASB Capital Protected Gold Fund (the Fund) was established under a Trust Deed executed on September 1, 2009 between KASB Funds Limited as Management Company and Central Depository Company of Pakistan Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 17, 2009 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The Management Company of the Fund has been licensed to undertake asset management and investment advisory services as non-banking finance company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by SECP. The registered office of the management company is situated at 9th Floor, Trade Center, I. I. Chundrigar Road, Karachi, Pakistan. JCR-VIS Credit Rating Company Limited has assigned management quality rating of AM3 to the Management Company and has reaffirmed the rating of 'AA(cpf)' (Double A (cpf)) for the Fund.

The Securities and Exchange Commission of Pakistan vide letter No.SCD/PR&DD/AMCW/CAML& KFL/333/2010 dated July 15, 2011 has sanctioned the Scheme of Arrangement of acquisition and simultaneous merger of Crosby Asset Management (Pakistan) Limited ("CAMPL") with and into KASB Funds Limited ("KFL") in terms of Section 282L of the Companies Ordinance, 1984 and the rights to manage Crosby Dragon Fund, Crosby Phoenix Fund and AMZ Plus Income Fund have been transferred to KFL with effect from July 20, 2011.

The Fund is an open end capital protected fund that aims to protect investors' capital at maturity through the investment structure by placing a significant percentage of the Fund as term deposit(s) with Scheduled Commercial Bank(s) or Development Finance Institutions (DFIs) having a minimum long term rating of 'AA+' assigned by credit rating agency registered with the Commission. Remaining funds are utilised to gain exposure to gold through the commodity exchange listed gold contracts in Pakistan Rupees providing higher return possibilities.

The Fund is listed on Karachi Stock Exchange (Guarantee) Limited. The duration of the Fund is two years following the last day of initial offering period i.e. March 19, 2010. Accordingly, the Fund shall automatically stand dissolved on March 31, 2012. However, the management considers that the said dissolution of the Fund would not result in any adjustment to the carrying values of the assets and liabilities as stated in these financial statements for the reason that such values approximate their respective fair values.

The Fund consists of two segments, Capital Protected Segment and Investment Segment. The Capital Protected Segment aims at protecting initial investment value of the investors till completion of minimum period, provided investment held by respective unit holders for minimum period as laid down in constitutive documents of the Fund. Capital Protection is provided through the investment structure of the Fund as detailed in the Offering Document to preserve the Initial Investment Value and not through an undertaking by the Management Company or Trustee, who shall not be liable as guarantors or otherwise. The remaining portion of the Fund will be part of Investment Segment and will be invested in Gold contracts or kept in saving accounts with commercial banks.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008) and directives issued by the SECP. Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives shall prevail.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

2.2 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective during the year. However, the amendments or interpretations did not have any material effect on the financial statements of the Fund.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements, other than increased disclosures in certain cases:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1: Presentation of Financial Statements) effective for annual periods beginning on or after 1 July 2012.
- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12) effective for annual periods beginning on or after 1 January 2012.
- IAS 19 Employee Benefits (amended 2011) effective for annual periods on or after 1 January 2013
- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) effective for annual periods beginning on or after 1 January 2011.
- IAS 24 Related Party Disclosures (revised 2009) effective for annual periods beginning on or after 1 January 2011.
- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) effective for annual periods beginning on or after 1 July 2011.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain financial assets have been included at fair value.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have most significant effect on the amount recognised in the financial statements are as follows:

Investments stated at fair value and derivative financial instruments

The management company has determined fair value of gold contracts by using quotations from Pakistan Mercantile Exchange (PMEX) (formerly National Commodity Exchange Limited (NCEL)). Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Other assets

Judgment is also involved in assessing the realisability of the assets balances.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except stated otherwise.

3.1 Financial instruments

The Fund classifies its financial instruments in the following categories:

a) At fair value through profit or loss

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

b) Available-for-sale

Available for sale financial assets are non-derivative that are either designated in this category or not classified in any other category.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'at fair value through profit or loss' or 'available for sale'.

d) Financial liabilities

Financial liabilities, other than those 'at fair value through profit or loss', are measured at amortised cost using the effective yield method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument except for investment in gold contracts.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial instrument not 'at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Transaction costs on financial instrument 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in Unit Holders' Funds until derecognised or impaired, when the accumulated adjustments recognised in Unit Holders' Funds are included in the Income Statement.

Fair value measurement principles

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. In case of trading in Gold Contracts (physical contracts and /or future contracts) the transactions of any specific working day are recognised immediately after the close of the respective day's trading session of Pakistan Mercantile Exchange (PMEX) (formerly National Commodity Exchange Limited (NCEL)).

Therefore, the net assets value of the Fund of any specific business day shall represent the impact of all the transactions in Gold Contracts (physical contracts and/or future contracts) entered into, before the close of the immediately preceding session of PMEX.

Securities under repurchase/ resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the Statement of Assets and Liabilities. Amounts paid under these agreements are recognised as receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the agreement.

All reverse repo transactions are accounted for on the settlement date.

Impairment

Financial assets not carried 'at fair value through profit or loss' are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Income Statement.

Any subsequent decrease in impairment loss on debt securities classified as 'available for sale', is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments: Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.2 Unit holders' funds

Unit holders' funds representing the units issued by the Fund, is carried at the net asset value amount representing the investors' right to a residual interest in the Fund assets.

3.3 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.4 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the "element of income / (loss) included in prices of units sold less those in units redeemed" is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

During the year, the Fund has revised the calculation for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised calculation, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognized in income statement and to the extent that it is represented by unrealized appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement. Previously, the Fund used to calculate element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed represented by distributable income was included in income statement and element of income / (loss) and capital gains / (losses) represented by unrealized appreciation / (diminution) on available for sale securities was recognized in distribution statement.

The revised calculation, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. The effect of such change to net income for the year ended June 30, 2011 is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over the life of the Fund commencing from February 16, 2010.

3.7 Net asset value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

3.8 Taxation

Current

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income of that period, as reduced by capital gains, whether realised or unrealised, is distributed amongst its unit holders.

Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax assets on unutilised tax losses to the extent that these will be available for set off against future taxable profits.

However, the Fund intends to avail the tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders. Accordingly, no current tax and deferred tax has been recognised in these financial statements.

3.9 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Income on reverse repurchase transactions and debt securities is recognised on an accrual basis using the effective interest rate method.
- Profit on bank deposit is recognised on time proportion basis using effective interest rate method.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.

3.10 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

KASB CAPITAL PROTECTED GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of deposit accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.12 Other assets

Other assets are stated at cost less impairment losses, if any

3.13 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4. TERM DEPOSIT RECEIPTS

This represents term deposit receipts with a commercial bank and carry mark-up at the rate of 11.75% per annum maturing on March 30, 2012. The said deposit has been placed by the Fund to ensure that these deposits are grown to become at least 100% of the total invested value.

5. BALANCES WITH BANKS

	2011	2010
	----- (Rupees in '000) -----	

In deposit accounts	5.1	<u>65,325</u>	<u>72,599</u>
---------------------	-----	---------------	---------------

5.1 These deposit accounts carry mark-up at the rate of 5% to 12.75% per annum (June 30, 2010: 5% to 10.48% per annum).

6. INVESTMENTS

At fair value through profit or loss

Held for trading

- Futures Gold Contracts

	6.1	<u>(807)</u>	<u>(102)</u>
--	-----	--------------	--------------

6.1 This represents the net unrealised loss on future Gold Ounce with settlement dates of July 27, 2011 and August 29, 2011 (June 30, 2010: future Gold Ounce and Gram Contracts with settlement dates of August 27, 2010 and August 18, 2010 respectively).

7. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs

	1,764	2,053
--	-------	-------

Less: Amortization during the year / period

	<u>(1,026)</u>	<u>(289)</u>
--	----------------	--------------

	<u>738</u>	<u>1,764</u>
--	------------	--------------

8. PAYABLE TO KASB FUNDS LIMITED – MANAGEMENT COMPANY

Management fee payable

Other payable

	8.1	48	681
--	-----	----	-----

		-	2,053
--	--	---	-------

		<u>48</u>	<u>2,734</u>
--	--	-----------	--------------

8.1 Under the provisions of Non Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 1.75 percent per annum of the average annual net assets of the Fund for the current year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the higher of Rs. 0.7 million or 0.2% per annum on amount up to Rs. 1.0 billion of average daily net assets of the Fund and Rs. 2.0 million plus 0.1% per annum on amount exceeding Rs. 1.0 billion of average daily net assets of the Fund.

10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

As per Schedule II of the NBFC Regulations 2008, an capital protected fund is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Scheme.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	2011	2010
	----- (Rupees in '000) -----	
Auditors' remuneration	335	195
Credit rating fee payable	185	100
Others	8,369	2,048
	<u>8,889</u>	<u>2,343</u>

11.1 This includes Rs. 7.574 million on account of Zakat on term deposit receipt payable at the time its maturity i.e. March 30, 2012

12. NUMBER OF UNITS IN ISSUE

	-----Units-----	
Total outstanding at beginning of the year / period	4,597,901	-
Sales during the year / period	-	4,632,902
Bonus units issued	133,073	-
Redemption during the year / period	(141,447)	(35,001)
Total units in issue at the end of the year / period	<u>4,589,526</u>	<u>4,597,901</u>

Face value of the unit is Rs. 100 each.

13. AUDITORS' REMUNERATION

	For the period from November 2, 2009 to June 30,	
	2011	2010
	----- (Rupees in '000) -----	
Audit fee	275	175
Half yearly review	75	-
Other certifications and services	82	71
	<u>432</u>	<u>246</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

14. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

On July 15, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the Constitutional petition pending in the Honorable High Court of Sindh. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Honorable High Court of Sindh. The case has been heard on March 12, 2011 by the full bench judge of Honorable High Court of Sindh and judgment in this respect has been reserved.

Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act 2006 and the Finance Act 2008 has declared the said amendments as unlawful and unconstitutional hence struck them down. The Management Company is hopeful that the decision of the Honorable Lahore High Court will lend further support to the Constitutional Petition which is pending in the Honorable High Court of Sindh. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs. 0.65 million in these financial statements representing charge accrued up to November 26, 2011.

15. EARNINGS PER UNIT

Due to the specific nature of open ended collective investment schemes in respect of daily issuance and redemptions of units, determination of weighted average number of units for calculation of earnings per unit is not practical.

16. COMMITMENTS

2011 **2010**
-----**(Rupees in '000)**-----

Purchase of:

Ounce Gold Contracts in USD \$546,459
(June 30, 2010: USD \$370,012)

47,006 **23,399**

Gold Gram Contracts

- **20,208**

This represents the net unrealised loss on future Gold Ounce with settlement dates of July 27, 2011 and August 29, 2011 (June 30, 2010: future Gold Ounce and Gram Contracts with settlement dates of August 27, 2010 and August 18, 2010 respectively).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

2011 **2010**
----- (Rupees in '000) -----

17. SPECIAL RESERVE ACCOUNT

733

177

This represent the back end load charges deducted from unit holders at the time of redemption of units held. As per clause 8.1.2 of the Offering Document of the Fund, the amount so deducted should be credited to unit holders' fund account and becomes property of the Trust. Such amount is available for investment as per investment policy of the Fund.

18. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the NBFC Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. Since the management has distributed the income earned by the Fund during the year to the unit holders in the manner explained above, no provision for taxation has been made in these financial statements.

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include KASB Funds Limited being the Management Company, KASB Bank Limited being the Holding Company of the Management Company, KASB Securities Limited, KASB Modaraba, KASB Technology Services Limited, KASB Modaraba Management (Private) Limited, Structured Venture (Private) Limited (indirectly through KASB Securities Limited) being the subsidiary companies of KASB Bank Limited, Shakarganj Food Products Limited, New Horizon Exploration and Production Limited and KASB International Limited being the associated companies of KASB Bank Limited, Central Depository Company of Pakistan Limited (CDC) being the Trustee of the Fund, other Funds managed by the management company (including KASB Stock Market Fund, KASB Income Opportunity Fund (formerly KASB Liquid Fund), KASB Islamic Income Opportunity Fund (formerly KASB Islamic Income Fund), KASB Asset Allocation Fund (formerly KASB Balanced Fund), KASB Cash Fund, Crosby Dragon Fund, Crosby Phoenix Fund and AMZ Plus Income Fund) and directors, key management personnel and officers of the Management Company.

The transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations 2008 and the Trust Deed respectively.

KASB CAPITAL PROTECTED GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

Details of transactions with connected persons / related parties and balances with them at year end are as follows:

19.1 Transactions	For the period from November 2, 2009 to June 30,	
	2011	2010
	----- (Rupees in '000) -----	
KASB Funds Limited		
Remuneration	8.1 8,519	2,298
Sales load	-	10,048
Bonus units: 16 units (2010: Nil units)	2	-
Transfer in the Fund: 103 units (2010: 290,907 units)	10	29,503
Transfer out the Fund: Nil units (2010: 290,340 units)	-	29,444
KASB Bank Limited		
Investment in the Fund: Nil units (2010: 1,000,000 units)	-	100,000
Bonus units: 20,560 units (2010: Nil units)	2,060	-
Transfer out the Fund: Nil (2010: 289,612 units)	-	29,369
KASB Bank Limited Employees' Provident Fund		
Investment in the Fund: Nil units (2010: 96,852 units)	-	10,000
Bonus units: 2,803 units (2010: Nil units)	281	-
KASB Securities Limited		
Brokerage Expense	19.3 106	14
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	700	198
Directors and officers of the Management Company		
Investment in the Fund: Nil units (2010: 7,267 units)	-	727
Redemption from the Fund: 22,631 units (2010: 300 units)	2,181	29
Bonus units: 788 units (2010: Nil units)	79	-
Transfer out the Fund: Nil units (2010: 300 units)	-	31

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

19.2 Balances

2011 **2010**
----- (Rupees in '000) -----

KASB Funds Limited

Payable to Management Company
Units held: 687 units (2010: 568 units)

48	2,734
<u>75</u>	<u>59</u>

KASB Bank Limited

Bank balance
Units held: 730,948 units (2010: 710,388 units)

19.4	12	8
	<u>80,032</u>	<u>73,241</u>

KASB Bank Limited Employees' Provident Fund

Units held: 99,655 units (2010: 96,852 units)

<u>10,911</u>	<u>9,985</u>
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Central Depository Company of Pakistan Limited - Trustee

Payable to the Trustee

<u>57</u>	<u>58</u>
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Directors and officers of the Management Company

Units held: 5,284 units (2010: 6,667 units)

<u>534</u>	<u>687</u>
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19.3 The amount disclosed represents the amount of brokerage paid to connected person and not the purchase or sale values of securities transacted through them. The purchase or sale values have not been treated as transactions with connected persons as ultimate counter-parties are not connected persons.

19.4 The rate of return on this deposit account is 5% per annum.

20. RISK MANAGEMENT

The Board of Directors of management company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies. The management of these risks is carried out by investment committee under policies approved by Board of Directors.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund's activities expose it to a variety of financial risks such as:

- Market risk
- Credit risk and
- Liquidity risk

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

Market risk

Market risk is the risk that the fair values or future cash flows of the financial instruments will fluctuate as a result of changes in market interest rates or the market price of gold due to a change in market sentiments, demand and supply for gold, foreign exchange rate, speculative activities, volume of trading and liquidity in the market.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP).

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at June 30, 2011, the Fund has investment in Future Gold Contract denominated in US Dollars that exposes the Fund to foreign currency risk, which may affect the value of the Fund's net assets due to favorable or unfavorable fluctuations in currency rates.

As at June 30, 2011, if the PKR was strengthened / weakened by 10% against the US Dollar with all other variables held constant, the net income for the year would have been higher / lower by Rs. 0.081 million (2010: Rs. 0.021 million) with corresponding effect on net assets attributable to unit holders.

Interest rate risk

Interest rate risk arises from the possibility that changes in prevailing level of interest rates will affect the future cash flows or the fair values of financial instruments.

As at June 30, 2011, the Fund has no investment exposed to interest rate risk. Consequently the Fund's income and operating cash flows are substantially independent of changes in market interest rates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

As at June 30, 2011, the exposure of the Fund to other price risk was Rs. 0.807 million (2010: Rs. 0.102 million). A decrease / increase of 10% in the quoted price of Future Gold Contracts of Pakistan Mercantile Exchange (formerly National Commodity Exchange Limited) would have an impact of approximately Rs. 3.0 million (2010: Rs. 0.01 million) on the net income for the year with consequent effect on net assets of the Fund.

The sensitivity analysis is not necessarily an indicative of the effects on net income for the year and net assets of the Fund.

Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund resulting in financial loss to the Fund. It arises primarily from bank balances, income receivable and deposits.

The Fund's maximum exposure to credit risk (before collateral and other credit enhancements) at June 30, 2010 is represented by carrying amount of term deposit receipts, bank balances and deposits reported in statement of assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	June 30, 2011			Total
	Up to three months	More than three months and upto one year	More than one year	
----- (Rupees in '000) -----				
Payable to KASB Funds Limited - Management Company	48	-	-	48
Payable to Central Depository Company of Pakistan Limited - Trustee	57	-	-	57
Accrued expenses and other liabilities	8,244	-	-	8,244
	<u>8,349</u>	<u>-</u>	<u>-</u>	<u>8,349</u>
----- (Rupees in '000) -----				
	June 30, 2010			Total
	Up to three months	More than three months and upto one year	More than one year	
----- (Rupees in '000) -----				
Payable to KASB Funds Limited - Management Company	2,734	-	-	2,734
Payable to Central Depository Company of Pakistan Limited - Trustee	58	-	-	58
Accrued expenses and other liabilities	2,062	-	-	2,062
	<u>4,854</u>	<u>-</u>	<u>-</u>	<u>4,854</u>

Unit Holders' Fund risk management

As a result of the ability to issue and repurchase / redeem units except for core investors, the Unit Holders' Fund can vary depending on the demand for redemptions, and subscription to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and repurchase / redemption of units, except for Rs.50 million at the time of launching of the Fund.

The Fund's objectives in managing the unit holders' fund are to ensure a stable base to maximise return to all investors, to preserve the initial investment value and also to manage liquidity risk arising from redemptions of units.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments on the Statement of Assets and Liabilities are carried at fair value . The Management Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs.

Investment in future gold contracts are valued at the rate quoted on immediately preceding session of Pakistan Mercantile Exchange (formerly National Commodity Exchange Limited). Therefore the fair value of investment in future gold contract are included within level 1 of the fair value hierarchy as discussed above.

22. DISTRIBUTION BY THE FUND

Non-adjusting event after the balance sheet date

The Board of Directors of the Management Company has approved bonus of Rs. 9.25 per unit for the year ended June 30, 2011 amounting to Rs. 42.45 million in total in their meeting held on July 04, 2011. The financial statements for the year ended June 30, 2011 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending June 30, 2012.

23. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding pattern of unit holding, list of top ten brokers, meetings of the Board of Directors of the management company and members of the Investment Committee are as follows:

23.1 Pattern of unitholding

Unit holding pattern of the Fund as at June 30 is as follows:

Category	Number of unit holders		Investment amount		Percentage of total investment	
	2011	2010	2011	2010	2011	2010
	---- (Numbers) ----		--(Rupees in '000) --		----- (%) -----	
Individuals	205	236	287,152	276,646	57.14	58.36
Associated companies and directors	3	5	91,017	83,500	18.11	17.62
Retirement funds	21	21	124,333	113,881	24.74	24.02
Total	229	262	502,502	474,027	100.00	100.00

23.2 List of top ten brokers / dealers by percentage of commission paid

Broker name	2011 (percentage)
KASB Securities Limited	51.92
Investcap Investment Bank Limited	31.34
IGI Finex Securities Limited	16.74
Broker name	2010 (percentage)
KASB Securities Limited	54.45
Investcap Investment Bank Limited	23.4
IGI Finex Securities Limited	19.15

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

23.3 Dates, names of persons attending each meeting of the board of directors

Name of the person	Designation	Total	Attended	Leave granted
Mr. Robert John Richard Owen	Chairman	10	10	-
Mr. Syed Muhammad Rehmanullah	Director	10	10	-
Mr. Muzaffar Ali Shah Bukhari	Director	10	10	-
Mr. Qaisar P. Mufti	Director	1	1	-
Mr. Masood Karim Shaikh*	Director	4	2	-
Mr. Amer Maqbool	Chief Executive and Director	1	1	-
Ms. Naz Khan**	Chief Executive and Director	2	2	-
Mr. Muhammad Imran Khalil	Chief Financial Officer	10	10	-
Mr. Mansoor Ali	Company Secretary	3	3	-
Mr. Muhammad Kashif Masood***	Company Secretary	1	1	-

*Mr. Masood Karim Shaikh resigned from the Board on January 17, 2011 and Mr. Qaisar P. Mufti was appointed Director after SECP granted approval on April 22, 2011.

**Ms. Naz Khan resigned from the Board on August 31, 2010 and Mr. Muhammad Imran Khalil was appointed as Director and Chief Executive after SECP granted approval on September 29, 2010. Subsequently, Mr. Amer Maqbool was appointed as Director and Chief Executive in place of Mr. Muhammad Imran Khalil after SECP granted approval on June 3, 2011.

***Mr. Muhammad Kashif Masood was appointed as Company Secretary in place of Mr. Muhammad Imran Khalil in the Board meeting held on October 2, 2010. Mr. Muhammad Kashif Masood resigned on December 29, 2010. Thereafter, Mr. Mansoor Ali was appointed as Company Secretary in Board meeting held on February 17, 2011.

Dates of the meetings of the board of directors

The 40th, 41st, 42nd, 43rd, 44th, 45th, 46th, 47th, 48th and 49th Board meetings were held on July 03, 2010, August 27, 2010, October 02, 2010, October 28, 2010, November 26, 2010, January 17, 2011, February 17, 2011, March 31, 2011, April 25, 2011 and June 06, 2011 respectively.

23.4 Details of members of investment committee

Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Experience (years)
Amer Maqbool	Chief Executive Officer	MBA	15
Shehzad Mubashir	Fund Manager	MBA	04

Subsequent to the year end, owing to scheme of acquisition and simultaneous merger of KASB Funds Limited with Crossby Asset Management (Pakistan) Limited, the Investment Committee has been reconstituted and recomposed as follows:

Amer Maqbool	Chief Executive Officer	MBA	15
Shehzad Mubashir	Fund Manager	MBA	04
Jamshed Khan	Chief Investment Officer	BSc (Hons.)	13
Hussain Khoja	Head of Research	ACCA	08

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

23.4.1 Details of other funds managed by the Fund Manager

No other funds are being managed by the Fund Manager.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 15, 2011.

25. GENERAL

The accounting period of the Fund started on November 2, 2009, therefore, comparative figures presented in income statement, distribution statement, statement of movement in unit holders' funds and the cash flow statement are from November 2, 2009 to June 30, 2010.

Chief Executive

**For KASB Funds Limited
(Management Company)**

Director